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SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

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FORM 10-Q

FQ2-2229

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended March 31, 1992

Commission file number O-1490

FRANK E. BEST, INC.

(Exact name of registrant as specified in its charter)

Washington	35-1142810
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

P. O. Box 50444, Indianapolis, Indiana 46250
(Address of principal executive office) (Zip Code)

Registrant's telephone number, including area code: (317) 849-2250

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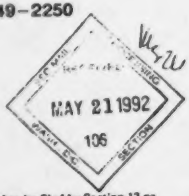

Indicate by a check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceeding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for for the past 90 days. Yes [X] No [ ]

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date (applicable only to corporate registrants.)

Common Stock	598,710 Shares

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AVAILABLE

PART I. FINANCIAL INFORMATION

FRANK E. BEST, INC. (a nonoperating holding company) AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	March 31 1992 (Unaudited)	December 31 1991
CURRENT ASSETS:		
Cash and cash equivalents (Note 1)	$ 5,292,457	$ 6,101,214
Short-term investments (Note 1)	506,951	506,951
Trade receivables:		
Direct	6,256,724	5,451,688
Sales representatives and other	3,926,055	3,967,856
Allowance for uncollectible accounts	(196,968)	(197,143)
Estimated refundable income taxes	266,128	362,780
Notes receivable	83,948	94,052
Inventories (Notes 1 and 4)	14,571,910	13,496,255
Prepaid income taxes (Note 5)	1,968,858	1,968,858
Other prepaid expenses	259,198	316,727
Total current assets	32,955,261	32,069,238
PROPERTY, PLANT & EQUIPMENT, at cost (Notes 1 and 3)		
Land & buildings	12,675,169	12,625,865
Machinery & equipment	21,391,654	20,765,672
Tooling	7,073,896	6,784,843
Furniture, fixtures & other	8,981,745	8,752,561
	50,122,464	48,928,941
Less -- accumulated depreciation	(21,006,087)	(20,139,883)
Total property	29,116,377	28,789,058
UNAMORTIZED RETIREMENT BENEFIT (Note 10)	581,665	795,022
OTHER ASSETS	258,312	(21,952)
Total assets	$ 62,911,615	$ 61,631,366

The accompanying notes to consolidated financial statements are an integral part of these statements.

FRANK E. BEST, INC. (a nonoperating holding company) AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	March 31 1992 (Unaudited)	December 31 1991
CURRENT LIABILITIES:	$ 2,500	$ 2,500
Notes payable (Note 7)	0	0
Current portion of long-term debt	2,334,365	2,334,365
Current portion of retirement benefit obligation	1,834,384	2,374,279
Trade accounts payable		
Accrued liabilities:	185,867	215,846
Income taxes	1,071,836	846,584
Other taxes	2,815,462	2,437,661
Payroll and vacation pay	1,466,456	1,515,468
Other	9,730,870	9,726,703
Total current liabilities		
	0	0
LONG-TERM DEBT (Note 7)	2,196,657	2,228,349
RETIREMENT BENEFIT OBLIGATION (Note 10)	4,145,912	4,022,912
DEFERRED INCOME TAXES (Notes 1 and 5)	16,073,439	15,977,964
Total liabilities		
MINORITY INTEREST IN SUBSIDIARIES	20,364,412	20,069,044
SHAREHOLDERS' EQUITY	26,473,764	25,584,358
(See accompanying statement)	$ 62,911,615	$ 61,631,366
Total liabilities & shareholders' equity		

The accompanying notes to consolidated financial statements are an integral part of these statements.

BEST LOCK COMPANIES
Best Lock Corporation and Subsidiaries
Best Universal Lock Co. (a nonoperating holding company) and Subsidiaries
Frank E. Best, Inc. (a nonoperating holding company) and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended March 31	
	1992	1991
ET SALES	$ 19,658,062	$ 17,921,239
XPENSES:		
Cost of goods sold	11,361,874	10,801,555
Selling	4,153,559	3,478,243
General & administrative	1,590,762	1,449,413
Engineering, research & development	902,034	677,908
Interest	20,036	47,130
Total expenses	18,028,267	16,454,249
NCOME before provision for income taxes	1,629,795	1,466,990
Provision for income taxes (Note 5)	694,456	648,778
ET INCOME, Best Lock Corporation and Subsidiaries	935,339	818,212
Minority interest in net income, Best Lock & Subsidiaries	(254,319)	(222,472)
Corporate (expense)–Best Universal Lock Co.	5,692	5,692
ET INCOME, Best Universal Lock Co. and Subsidiaries	686,712	601,432
Minority interest in net income, Best Universal & Subsidiaries	(153,617)	(134,540)
Corporate (expense)–Frank E. Best, Inc.	5,685	5,313
NET INCOME, Frank E. Best, Inc. and Subsidiaries	$ 536,780	$ 472,205

	Best Lock Corporation	Best Universal Lock Co. Series A	Best Universal Lock Co. Series B	Frank E. Best, Inc.
Earnings per common share:				
1992	$7.13	$1.78	$1.78	$0.90
1991	$6.23	$1.56	$1.56	$0.79
Weighted average shares outstanding:				
1992 and 1991	131,238.85	96,469	300,000	596,710

The accompanying notes to consolidated financial statements are an integral part of these statements.

FRANK E. BEST, INC. (a nonoperating holding company) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	March 31 1992 (Unaudited)	December 31 1991
COMMON STOCK, $1 par value, 600,000 shares authorized and issued, 598,710 outstanding	$ 598,710	$ 598,710
CAPITAL SURPLUS	77,972	77,972
Total capital stock	676,682	676,682
ACCUMULATED EARNINGS:		
Balance at beginning of year	25,141,179	22,866,019
Net income	538,780	2,500,957
Cash dividends paid	0	(281,394)
Difference between dividends of Series A and Series B common shareholders of Best Universal Lock Co. (Note 2)	0	(38,621)
Balance at end of year	25,679,959	25,046,961
CUMULATIVE TRANSLATION ADJUSTMENT (Note 1)	117,123	140,979
Total shareholders' equity	$ 26,473,764	$ 25,864,622
Cash dividends paid per share:	$0.47	$0.47

The accompanying notes to consolidated financial statements are an integral part of these statements.

FRANK E. BEST, INC. (a nonoperating holding company) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three Months Ended March 31	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	$ 18,812,494	$ 16,894,664
Cash paid to suppliers and employees	(17,942,903)	(15,148,709)
Interest received	64,150	128,582
Interest paid	9,999	(42,093)
Income taxes paid	(526,504)	(522,029)
Net cash provided by operating activities	417,236	1,110,415
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net from short-term investments	0	3,300
Proceeds from sale of property, plant and equipment	20,447	3,165
Capital expenditures	(1,227,486)	(1,803,829)
Net from long-term investments	0	0
Net cash used in investing activities	(1,207,039)	(1,797,364)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings, notes payable	0	0
Principal payments on long-term debt	0	(39,936)
Dividend payments	0	0
Net cash used in financing activities	0	(39,936)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(18,954)	(62)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(808,757)	(726,949)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6,101,214	4,991,194
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 5,292,457	$ 4,264,245
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Net income	$ 538,780	$ 472,206
Adjustments--		
Depreciation & amortization	879,851	758,763
Provision for losses on accounts receivable	(1,444)	373
(Gain) loss on sale of property, plant & equipment	(4,864)	(3,170)
Minority interest related to current year earnings	407,936	357,012
Change in assets and liabilities--		
(Increase) decrease in accounts & notes receivable	(761,532)	(1,104,833)
(Increase) decrease in refundable income taxes	76,652	89,378
(Increase) decrease in inventories	(1,089,291)	273,321
(Increase) decrease in prepaid expenses	57,272	60,162
(Increase) decrease in deferred charges	0	285
Increase (decrease) in accounts payable & accrued expenses	37,810	163,248
Increase (decrease) in income taxes payable	(28,569)	(23,898)
Increase (decrease) in deferred taxes	123,000	90,600
Increase (decrease) in retirement benefit and benefit obligation	181,665	(1,031)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 417,236	$ 1,110,415

The accompanying notes to consolidated financial statements are an integral part of these statements.

BEST LOCK COMPANIES
Best Lock Corporation and Subsidiaries
Best Universal Lock Co. (a nonoperating holding company) and Subsidiaries
Frank E. Best, Inc. (a nonoperating holding company) and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Principles of consolidation

The consolidated balance sheet as of March 31, 1992, and the related consolidated statements of income and shareholders' equity and cash flows for the periods ending March 31, 1992, and March 31, 1991, are unaudited. In the opinion of the Company all adjustments (which consist only of normal recurring items) necessary for a fair presentation of such financial statements have been included.

The financial statements and notes are presented as permitted by Form 10-Q, and do not contain certain information included in the Company's annual financial statements and notes.

The consolidated financial statements for each parent company in the Best Lock Companies include their respective subsidiaries' accounts to the extent indicated below:

Parent Company	Subsidiaries	Percent Owned
Frank E. Best, Inc. (Best)	Best Universal Lock Co.	78 %
Best Universal Lock Co. (Universal)	Best Lock Corporation	73 %
Best Lock Corporation (Lock)	Best Universal Locks Limited (Limited)	100 %
	Best Locking Systems of Denver, Inc.	100 %
	Best Locking Systems of Los Angeles, Inc.	100 %
	Best Locking Systems of New York, Inc.	100 %
	Best Locking Systems of Portland, Inc.	100 %
	Best Locking Systems of the Ohio Valley, Inc.	100 %
	Best Locking Systems of Indiana, Inc.	100 %
	Best Locking Systems of Northern California, Inc.	100 %
	Best Locking Systems of Maryland, Inc.	100 %

All significant intercompany accounts, investments and transactions have been eliminated in the consolidations.

Best and Universal account for their investment in subsidiaries on the equity method and have no other significant assets or liabilities.

b. Consolidated Statements of Cash Flows

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

c. Other policies

Depreciation is provided on the straight–line method for book purposes and on an accelerated method for income tax purposes.

Deferred income taxes are provided to reflect the timing differences between book and taxable income.

Inventories are valued using the last–in, first–out (LIFO) method for approximately 91% of consolidated inventories. The remaining inventories are are valued at the lower of cost, first–in, first–out (FIFO) or market.

Research and development costs are expensed as incurred.

Short–term, marketable debt securities are stated at cost, which approximates market value, and consisted of the following:

	March 31 1992	December 31 1991
U.S. Government and agency obligations	$ 506,951	$ 506,951
	$ 506,951	$ 506,951

In February, 1990, the Company purchased $1.6 million of commercial paper issued by a firm which subsequently filed for bankruptcy reorganization under Chapter 11 of the United States Bankruptcy Code. At December 31, 1990, this commercial paper was valued at an approximate market value of $112,000, and $1,483,000 was charged against income at that time. This charge is included in the Consolidated Statements of Income in General and Administrative expenses. In August, 1991, the company favorably settled certain litigation related to the purchase of the commercial paper. The proceeds received as a result of the settlement, net of legal fees associated therewith, are reflected in the December 31, 1991, Consolidated Statements of Income in General and Administrative expenses.

Interest income for the period that is reflected in the Consolidated Statements of Income in the caption Net Sales was $54,559, $405,074 and $705,517 in 1992, 1991 and 1989, respectively.

The accounts of Lock's Canadian subsidiary are translated in accordance with Financial Accounting Standards Board Statement No. 52, whereby the balance sheet accounts are translated at the exchange rate in effect at period end, income accounts are translated at the average rate of exchange during the period, and translation gains and losses are excluded from net earnings by being recorded as a component of shareholders' equity (Cumulative Translation Adjustment). The consolidated financial statements include translation gains (losses) of ($42,206) and ($55,755) in 1992 and 1991, respectively.

2. DIVIDENDS

The Articles of Incorporation of Universal require that for any common stock dividend: a) 50% of the first $138,000 in dividends be distributed to Series A holders and 50% to Series B holders and, b) the remainder be distributed on an equal per share basis to Series A and B holders (all on a noncumulative basis).

As a result of the preferential dividend treatment to the series A holders, the transfer of the proportionate amount of minority interest has been reflected in the Consolidated Statements of Shareholders' Equity of Best.

3. PROPERTY, PLANT AND EQUIPMENT

For book purposes, depreciation is provided using the following straight-line rates:

Buildings	3% to 5%
Machinery and equipment	5%, 8-1/3% & 20%
Tooling	8-1/3%, 12-1/2% & 20%
Furniture, fixtures and other	10% & 20%

Maintenance, repairs and minor renewals are charged to income as incurred. Major renewals, replacements and betterments are capitalized in the property accounts.

Retirements are removed from property accounts at cost and the related depreciation is removed from the accumulated depreciation accounts. Gains or losses on dispositions of property and equipment are reflected in income.

4. INVENTORIES

FIFO cost of inventories would have been higher than LIFO cost as follows:

	March 31 1992	December 31 1991
	$ 6,042,627	$ 6,046,592

Inventories used in the determination of income were as follows:

	March 31 1992	December 31 1991
Finished goods	$ 3,582,598	$ 3,720,956
Work-in-process	10,586,511	9,416,996
Raw material	402,801	358,303
	$ 14,571,910	$ 13,496,255

5. INCOME TAXES

Income tax expense consisted of the following:

	March 31	
	1992	1991
U.S. Federal–		
Current	$ 395,326	$ 351,156
Deferred	90,000	68,700
Foreign	48,794	110,138
State–		
Current	127,336	103,184
Deferred	33,000	15,600
	$ 694,456	$ 648,778

Substantially all foreign income taxes provided were currently payable.

Earnings before income taxes were as follows:

	March 31	
	1992	1991
Domestic	$ 1,538,202	$ 1,204,762
Foreign	91,593	262,228
	$ 1,629,795	$ 1,466,990

The effective rate of income taxes provided varied from the statutory rate for the following reasons:

	March 31	
	1992	1991
Statutory Federal tax rate	34.0 %	34.0 %
The statutory rate of tax provided was increased (decreased) by:		
State income taxes, net of Federal income taxes	7.2	5.7
Investment write–off (recovery)	0.0	0.0
Other	1.4	4.5
Effective rate of tax provided	42.6 %	44.2 %

Deferred income taxes are provided on transactions which enter into the determination of income for financial reporting and tax reporting in different periods. The components of the deferred (prepaid) tax provisions were as follows:

	March 31	
	1992	1991
Excess tax over book depreciation	$ 123,000	$ 90,600
Costs inventoried for tax purposes, expensed for book purposes	0	0
Excess of book over tax accrued vacation	0	(11,769)
Non-qualified retirement benefit agreements	0	6,558
Other, net	0	(1,089)
	$ 123,000	$ 84,300

In February 1992, the Financial Accounting Standards Board (FASB) issued Statement No. 109, "Accounting for Income Taxes." Implementation of Statement No. 109 is required beginning January 1, 1993. The Company believes implementation of Statement No. 109 will have an immaterial effect on net income.

6. LICENSE AGREEMENT

Under the terms of a 1928 license agreement between Lock and its parent companies (Universal and Best), Lock agreed to issue a companion share of stock to Universal for each share of voting stock sold or otherwise disposed of during the full period of the corporate existence.

7. LONG-TERM DEBT AND FINANCING ARRANGEMENTS

Long-term debt is summarized below:

	March 31, 1991
Mortgage note, 9-5/8%, due in monthly installments of $20,093, including interest, to June 1999, secured by Lock's real estate	$ 818,677
Less current maturities	(169,678)
	$ 648,999

There are no maturities of long-term debt during the next five years. The mortgage note was paid in September, 1991.

As of March 31, 1992, Lock had a demand note payable to each of its parent companies (Universal and Best) of $300,000. The notes bear interest at the prime rate (6.5% at March 31, 1992) and are unsecured. Interest expense on these notes was $7,500 each in 1992 and $30,000 each in 1991.

The Company has an agreement with a financial institution for letters of credit available primarily for issuance to a foreign vendor. At March 31, 1992, the Company had no outstanding letters of credit.

The Company leases various office and warehouse facilities under noncancellable lease arrangements. Lease terms are from one to five years and most provide options to renew. Future minimum lease payments under noncancellable operating leases as of March 31, 1992, are as follows:

	Amount
1992	$ 143,217
1993	112,564
1994	40,630
1995	12,185
1996	0

Rent expense charged to operations totaled $70,561 and $241,684 in 1992 and 1991, respectively.

8. STOCK BONUS PLAN

The Best Lock Corporation Stock Bonus Plan is available to Lock employees meeting certain eligibility requirements. The plan is noncontributory and is qualified pursuant to the applicable provisions of the Internal Revenue Code.

Best Lock Corporation's cash contributions to the Stock Bonus Plan were $0 in 1992 and $250,000 in 1991, which amounts have been charged to expense in the accompanying financial statements. Contributions are determined by Lock's Board of Directors.

9. SEGMENT REPORTING

The Best Lock Companies are engaged in the manufacture and sale of locking systems only, and as such do not report on a segment basis. Foreign sales amount to approximately 7% of total sales during 1992 and 1991.

10. RETIREMENT PLANS

Effective September 1, 1989, the Company adopted a noncontributory defined benefit Employees' Pension Plan (Plan) to provide retirement benefits to substantially all current and retired employees as of September 1, 1989. The Company has received a favorable determination letter for the Plan from the Internal Revenue Service. The Plan provides benefits for past service only. The monthly benefit is based on the employee's years of service and compensation as of September 1, 1989. The benefits for retired employees were based upon amounts specified in the Plan. Under the Plan provisions, all participants were 100% vested at September 1, 1989. Normal retirement age is 65 with provisions for earlier retirement with reduced benefits. It is the Company's intent to fund the Plan over approximately four years until the Plan is fully funded. Company contributions are made to a trust fund whose assets consist of investments in a registered mutual fixed income fund.

The Plan's funded status as of:	March 31 1992	December 31 1991
Actuarial present value of accumulated benefit obligation, discounted at 8%	$ 6,496,592	$ 6,508,591
Plan assets at fair value	4,199,590	4,213,569
Retirement benefit obligation included in the consolidated balance sheets	$ 2,297,002	$ 2,295,022

The Company's method of accounting for pension costs is to expense the cost of this Plan over approximately three years beginning in 1989. Net periodic pension cost including interest totaled $215,337 in 1992 and $2,000,000 in 1991.

The difference between the actuarial present value of accumulated benefit obligatio and the amounts charged to operations is reflected as unamortized retirement benefit in the consolidated balance sheets. This amount was:

	March 31 1992	December 31 1991
Unamortized retirement benefit	$ 581,665	$ 795,022

In addition to the Plan adopted on September 1, 1989, the Company executed supplemental retirement benefit agreements with certain retirees and officers. For financial reporting purposes, the actuarial present value (discounted at 8%) of the benefits to be provided under the terms of these agreements were recognized in 1989, except for the agreement with the Company's President, which will be amortized over his estimated remaining service life. The Company recognized costs related to these agreements of $45,000 and $171,490 in 1992 and 1991, respectively. The retirement benefit obligation for supplemental benefits included in the consolidated balance sheets totaled $2,234,020 at March 31, 1992 and $2,267,692 at December 31, 1991. The benefits under these agreements will be paid monthly by the Company over the lifetime of the recipients.

A summary of the retirement benefit obligations included in the consolidated balance sheets is presented below:

	March 31 1992	December 31 1991
Defined Benefit Employees Pension Plan	$ 2,297,002	$ 2,295,022
Supplemental Retirement Benefit Agreements	2,234,020	2,267,692
	$ 4,531,022	$ 4,562,714
Current Portion	$ 2,334,365	$ 2,334,365
Non-current Portion	2,196,657	2,228,349
	$ 4,531,022	$ 4,562,714

BEST LOCK COMPANIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF

Results of Operations for the Quarter Ended March 31, 1992 as Compared to the Quarter Ended March 31, 1991

NET SALES of $19,658,062 increased $1,736,823 or 10%.

INCOME BEFORE TAXES of $1,629,795 increased $162,805 or 11%.

TAXES ON INCOME of $694,456 increased $45,678 or 7%.

NET INCOME for Best Lock Corporation and Subsidiaries of $935,339 increased $117,127 or 14%.

NET INCOME for Best Universal Lock Co. and Subsidiaries of $686,712 increased $85,280 or 14%.

NET INCOME for Frank E. Best Inc. and Subsidiaries of $538,780 increased $66,575 or 14%.

Financial Condition as of March 31, 1992 as Compared to December 31, 1991

WORKING CAPITAL of $23,117,349 increased $888,968 or 4%.

The CURRENT RATIO increased to 3.4.

PART II. OTHER INFORMATION

There is not information required to be filed under Items 1 through 6 of this Part Two during the quarter being reported herein.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

FRANK E. BEST, INC.
(Registrant)

By: _____
Roger E. Beaverson
Secretary and Treasurer
(Principal Accounting Officer)

Date: May 15, 1992